

Message Text

SECRET

PAGE 01 JIDDA 03303 111037Z

21

ACTION SS-25

INFO OCT-01 ISO-00 /026 W

----- 094029

R 110926Z MAY 75

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 1175

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY TEHRAN

S E C R E T JIDDA 3303

EXDIS

E.O.: 11652: GDS

TAGS: ENRG, SA, US

SUBJ: YAMANI INSISTS ON NEED FOR IMMEDIATE PREPCON

REF : STATE 108279

SUMMARY: YAMANI HAS COMPLAINED THAT WE HAVE NOT COME UP WITH A NEW APPROACH. HE THINKS ANOTHER PREPCON IS ABSOLUTELY NECESSARY TO ESTABLISH AN AGENDA. AGREEMENT SHOULD BE POSSIBLE, PERHAPS ON PARALLEL MEETINGS WITH THE ENERGY MEETINGS CLEARLY THE MOST IMPORTANT. IMPLEMENTATION OF DECISIONS WOULD TAKE A LONG TIME AND RESULTS OF ALL CONFERENCES WOULD HAVE TO BE TIED TOGETHER, HE BELIEVES. YAMANI FEELS ONLY IF THERE IS PROGRESS ON A PRECON WILL SAUDI ARABIA HAVE A CHANCE OF PREVENTING A SUBSTANTIAL PRICE INCREASE AT THE GABON OPEC CONFERENCE IN JUNE. SAUDI ARABIA WOULD NOT BE ABLE TO USE ITS PRODUCTION CAPACITY ENTIRELY WITHOUT REGARD TO THE INTERESTS OF OTHER MEMBERS OF OPEC. YAMANI HAS DESIGNATED ABDUL HADY TAHER FOR DISCUSSIONS TO EXPLORE THE POSSIBILITY OF JOINT U.S.-

SECRET

SECRET

PAGE 02 JIDDA 03303 111037Z

SAUDI APPROACHES TO THE PRODUCER-CONSUMER CONFERENCE.

ACTION REQUESTED: DEPARTMENT COMMENTS AND SPECIFIC IDEAS
ON HOW TO GET THE PREPCON BACK ON TRACKS IF WE, IN
FACT, WANT THIS DONE. END SUMMARY.

1. I SAW YAMANI MAY 9 AND RASIED ALL THE PERTINENT
POINTS IN REFTEL. YAMANI SAID THAT THERE APPEARED TO BE
SOME BASIC CONFUSION. WE WERE SIMPLY ASKING, HE SAID,
"WHAT ARE YOUR IDEAS? WE WILL LISTEN TO THEM AND TAKE
THEM INTO ACCOUNT." HIS NOTES OF HIS TALKS IN WASHINGTON,
HE SAID, SHOWED SOMETHING QUITE DIFFERENT; I.E. THE
UNITED STATES WOULD GIVE THE MATTER CAREFUL THOUGHT AND
I WOULD THEN DISCUSS OUR NEW IDEAS WITH HIM. HE AND I
WOULD THEN TRY TO WORK OUT A SATISFACTORY COMPROMISE BUT
HE SAID I WAS PRESENTING NO NEW IDEAS - NO NEW THINKING
WHATSOEVER.

2. I SUGGESTED THAT THIS ALPHONSE-GASTON REOUTINE WOULD
LEAD NOWHERE. WE SHOULD SEE WHERE WE CAN GO FROM HERE.
HE AGREED.

3. WHILE THE OTHER MEMBERS OF THE PARIS PREPCON MAY NOT
BE ANXIOUS TO HOLD ANOTHER PREPCON OR EVEN THE FULL
CONFERENCE (REFTEL), YAMANI CLEARLY IS. YAMANI SAID THERE
WAS NO POSSIBILITY OF DISPENSING WITH THE PREPCON; THE
AGENDA HAS TO BE SET UP AND THE MEMBERSHIP OF THE FULL
CONFERENCE HAS TO BE DECIDED.

4. YAMANI SAID THE PREPCON SHOULD BE ABLE TO AGREE ON
PARALLEL MEETINGS ON ENERGY AND RELATED MATTERS AND ON
OTHER COMMODITIES. THE ENERGY MEETINGS WERE CLEARLY THE
MOST IMPORTANT; THEY COULD BE HELD AND EVEN CONCLUDED
BEFORE AGREEMENT ON OTHER MATTERS WAS REACHED, BUT EVEN
BEFORE IMPLEMENTATION THERE WOULD HAVE TO BE SOME TYING
TOGETHER OF ALL THE ISSUES. YAMANI ADMITTED THIS COULD
TAKE A LONG TIME.

5. HE SAID IT WAS "ESSENTIAL" THAT THE PREPCON BE HELD
BEFORE THE JUNE 9 OPEC MEETING IN GABON. IF IT IS AND IF
THERE IS SOME CHANCE OF A SUCCESSFUL SUBSEQUENT MEETING,
THEN SAUDI ARABIA CAN PROBABLY HOLD THE LINE ON OIL

SECRET

SECRET

PAGE 03 JIDDA 03303 111037Z

PRICES. IF NOT, SAUDI ARABIA WILL NOT BE ABLE TO RESIST
THE DEMAND FOR A SUBSTANTIAL PRICE INCREASE FROM "ALL OTHER
OPEC COUNTRIES." OIL PRICES, HE SAID, HAVE GONE DOWN AND
YET WORLD INFLATION CONTINUES; THE OPEC COUNTRIES ARE
PAYING 15-20 PERCENT MORE FOR THEIR IMPORTED GOODS THAN
THEY DID A YEAR AGO.

6. I TOLD YAMANI THAT SAUDI ARABIA WAS NOW IN A DIFFERENT

POSITION. HIS TALK ABOUT PRESSURE FROM OTHER OPEC COUNTRIES WAS NO LONGER CONVINCING. IN THE PAST WE KNEW SAUDI ARABIA COULD NOT RPT NOT IMPOSE ITS WILL ON OPEC; ITS SPARE PRODUCTION CAPACITY WAS NOT AS GREAT AS THE REST OF OPEC'S CAPACITY TO REDUCE CONSUMPTION. SAUDI ARABIA WAS NOW ALMOST LITERALLY IN THE POSITION OF TEXAS IN THE UNITED STATES TWENTY YEARS AGO. WHATEVER IT WANTED ON OIL PRICES OR SUPPLIES IT COULD GET. IT PRODUCTION CAPACITY WAS GREAT AND GROWING; THE REST OF OPEC'S ABILITY TO REDUCE PRODUCTION WAS SMALL AND SHRINKING.

7. YAMANI SAID THIS WAS A MATTER OF SOME SATISFACTION TO THE SAUDIS BUT THE IMPORTANT DIFFERENCE BETWEEN TEXAS AND SAUDI ARABIA WAS THAT SAUDI ARABIA HAD TO TAKE POLITICS INTO ACCOUNT. TEXAS DID NOT. SAUDI ARABIA COULD NOT RISK ALIENATING THE REST OF OPEC, ESPECIALLY AS THE UNITED STATES AND THE CONSUMERS HAD SHOWN NO RPT NO DISPOSITION IN THE PAST TO SUPPORT THE SAUDIS BY PUTTING PRESSURE ON OTHER OPEC COUNTRIES TO MODERATE THEIR PRICE DEMANDS.

8. AS THE CONVERSATION SEEMED TO BE DETERIORATING, YAMANI SUGGESTED THAT I SEE WHAT COULD BE WORKED OUT ON THE PRODUCER-CONSUMER CONFERENCE OR TH PREPCON WITH ABDUL HADY TAHER, GOVERNOR OF PETROMIN, WHO ATTENDED THE PARIS MEETING. WE WILL SEE ABDUL HADY TODAY (MAY 11) AND TRY TO REDUCE SOMETHING TO PAPER. I WILL THEN DISCUSS IT WITH YAMANI ON MAY 12 OR 13 (IF YAMANI HAS NOT GONE BACK TO DAMASCUS AND BAGHDAD), AND WILL SEND WHATEVER RESULTS TO WASHINGTON.

9. COMMENT AND ACTION REQUESTED: IN THE MEANTIME, WE
WOULD APPRECIATE RECEIVING ANY SPECIFIC IDEAS THE
SECRET

SECRET

PAGE 04 JIDDA 03303 111037Z

DEPARTMENT HAS NO HOW TO GET THE CONFERENCE OR THE PREP-CON RESUMED - ASSUMING WE WANT IT TO BE RESUMED. WHEN YAMANI FEELS HE IS BEING REASONABLE (AND HE DOES HERE) AND IS BEING DELIBERATELY FRUSTRATED, HE FREQUENTLY TAKES ACTIONS WHICH SHOW WHY COOPERATION WITH HIM IS IMPORTANT. (THE DEPARTMENT WILL RECALL SEVERAL SUCH REACTIONS IN THE PAST, E.G. THE ABU DHABI OPEAC MEETING.) IT IS QUITE CLEAR TO ME THAT IF THERE IS NOT SOME MOVEMENT TOWARD THE PRODUCER-CONSUMER CONFERENCE - EVEN AN AGREEMENT TO HOLD ANOTHER PREPCON MIGHT DO - THEN SAUDI ARABIA WILL SIT ON ITS HANDS IN GABON AND TACITLY APPROVE OPEC'S DEMANDS FOR SUBSTANTIAL NEW PRICE INCREASES AND THE DOWNWARD PATH TO CONFRONTATION WILL HAVE BEEN NICELY GREASED.
AKINS

SECRET

NNN

Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, MEETING AGENDA, PLANNING MEETINGS, IMPORTERS, EXPORTERS
Control Number: n/a
Copy: SINGLE
Draft Date: 11 MAY 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975JIDDA03303
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750165-0164
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750562/aaaacebr.tel
Line Count: 169
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: 75 STATE 108279
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 16 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 MAY 2003 by CunninFX>; APPROVED <01 OCT 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: YAMANI INSISTS ON NEED FOR IMMEDIATE PREPCON
TAGS: ENRG, SA, US, (YAMANI, AHMAD ZAKI)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006